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CONNECTICUT GREEN BANK

Legislative Testimony of the Connecticut Green Bank
Transportation Committee
March 11, 2022

Regarding Senate Bill 4
AN ACT CONCERNING THE CONNECTICUT CLEAN AIR ACT

As the nation's first green bank, the Connecticut Green Bank ("Green Bank") leverages the limited public resources it receives to attract multiples of private investment to scale up clean energy deployment. Since its inception, the Green Bank has mobilized $2.14 billion of investment into Connecticut's clean energy economy at a 7.4 to 1 leverage ratio of private to public funds, supported the creation of 25,612 direct, indirect and induced jobs, reduced the energy burden on over 63,000 families and businesses, deployed over 494 MW of clean renewable energy, helped avoid 9.9 million tons of CO2 emissions over the life of the projects, and generated $107.4 million in individual income, corporate, and sales tax revenues to the State of Connecticut.

The Green Bank **strongly supports Senate Bill 4.** Based on the Green Bank's reading of it, the bill's section language would do the following, with the Green Bank's input sub-bulleted:

- **Section 1** - Accelerates the procurement ramp-up for electric and zero-emissions passenger vehicles and buses in state fleets, and requires DAS to examine aggregate purchasing policy.

  In conjunction with the GreenerGov Steering Committee on State Sustainability / Lead By Example initiative,[1] the state under Governor Lamont's direction began studying and/or implementing new activities around fleet optimization and fuel-switching for the light-duty and bus vehicle fleet. Given the tempo of electric vehicle ("EV") market development, use case adequacy, and expected costs, the EV fleet integration targets set in 2019[2] do warrant updating.[3]

  It is appropriate in our view to task Department of Administrative Services ("DAS") with exploration on the use of aggregate purchasing power to potentially obtain zero-emissions vehicles on improved terms. We presume this would be additive to the current practice of state procurement allowing DAS-qualified car dealerships to provide their negotiated costs for given vehicles on the bid list for state or municipal use.

[1] Directed through Executive Order 1 and Public Act 11-80, respectively.
[2] Under Public Act 19-117, Section 93
[3] Including for consistency with Global Warming Solutions Act targets, and, with regard to the bus fleet, to conform with Executive Order 21-3.

- **Sections 2, 3** – Integrates HB-5117 "right to charge" language supporting tenants of common interest properties.

  The Green Bank's supportive testimony on HB-5117 can be found here.

- **Section 4** – Compels building code requirements for EV charging infrastructure installation at new state, school and commercial construction projects, and empowers municipalities to make requirements beyond the state code.

  We support this policy, given 1) a technological shift is well underway toward electromobility at a societal level; 2) the diffuse nature of refueling potential for EVs (e.g., at places where vehicles loiter); and 3) integrating EV charging into new construction projects will likely be about one-third the cost of retrofitting the same driver amenity onto existing properties[4], given the breakage and repair of hardscapes and the increases in code stringency when conducting work on existing properties (e.g., Americans with Disabilities Act).

- **Section 5** – Exempts public Level 2 chargers from property taxes this decade.

  Level 2 (240v) charging is the most common type available. However the committee may want to consider whether "Level 3" charging (or direct current fast chargers – "DCFC") should also be exempted from property tax. The business case for deploying DCFC can be substantially more difficult than for Level 2 charging given the higher capital and operating costs of these equipment assemblies, yet their presence and convenience is vital to the support mesh of charging availability for EV drivers.

- **Section 6** – Updates the CHEAPR Board composition and responsibilities; allows fleet claimants rebates on greater numbers of vehicles; extends CHEAPR eligibility to electric bicycles; codifies commitments and outreach ability with regard to environmental justice/low-income; and raises the MSRP cap to $50k.

  The President of the Green Bank, or the President's designee, currently serves on the CHEAPR Board. The policies proposed in this section would address several major threads of Board policy discussion we observed over the past several years on which differences of opinion arose (i.e., on eligibility of e-bikes; and on the retail price ceiling); in areas of pent-up demand (i.e., fleet purchasers' current inability to use more than 1-2 rebates); and on which new actions were identified as beneficial (i.e., more outreach to serve equitable fund distribution, resulting in greater uptake of income-qualified Rebate+ New and Rebate+ Used categories).[5]

[4] https://www.peninsulacleanenergy.com/wp-content/uploads/2020/08/PCE_SCVE-EV-Infrastructure-Cost-Analysis-Report-2019.11.05.pdf at pp. 1-2.
[5] https://portal.ct.gov/DEEP/Air/Mobile-Sources/CHEAPR/CHEAPR---Home

The Green Bank is focused on an equitable and inclusive transition to the clean energy economy, and to date we have supported using finite CHEAPR funding to target rebates to the most affordably priced EVs. Given this bill contemplates better-resourcing CHEAPR, and prioritizing rebates equitably,[6] we are not opposed to an increase in the MSRP cap to fifty thousand dollars. However, we would caution that setting this cap through statute – rather than administratively – may unintentionally make the program inflexible to vehicle market price changes.

- **Sections 7-10 and 19** – Removes for EVs the current vehicle registration fee exemption, and creates several new funding accounts – a DEEP-administered "federal Clean Air Act account" and DOT-administered "reduce transportation-related greenhouse gases account."

  EVs contribute no more road wear than other passenger vehicles but have been exempt from certain fees to date. In our view this has been an appropriate posture – to not dis-incent EVs in certain areas when simultaneously incenting them to meet state policy goals. However there is a recognition that as EV market share grows, EVs must eventually transition away from economic free ridership with regards to certain fees. Given the new resources for the EV market made available under this bill, we are not opposed to the exemption removal.

  We support the direction through Sec. 10(c) of all "greenhouse gas reduction fee" collections for use with emissions-reductions programs. Existing state commitments around EV deployment[7] target 125,000 EVs on-road by 2025. Although in recent years the rate of increase for EV adoption has been notable,[8] reaching existing state targets will require far greater resources than those currently budgeted toward CHEAPR. Directing funding as proposed in SB-4 will, in turn, provide consumers with more cost-efficient travel options, whether in mode-shifting using electric bicycles or in securing rebated transactions on a wider array of mainstream passenger EVs.

- **Section 11** – Creates a DOT-administered, rural-focused grant program for EV chargers through a "rural electric mobility infrastructure account."

  This sort of geographic gap-filling exercise is valuable for filling out the support mesh for vehicle electrification. Charging is widely available along the I-95 and I-91 travel spines in particular, but residents and fleets in far-flung rural Connecticut towns may be disadvantaged in converting to electromobility without some manner of service provision, such as this section contemplates. EVs can save owners on fuel and maintenance costs over time, and it is important that as many residents as possible have the practical circumstances to access these savings.

[6] Lines 357-366
[7] Through the "Multi-State Zero Emission Vehicle Memorandum of Understanding"
[8] https://evclubct.com/ev-registrations-up-55-in-2021/

- **Sections 12-13** – Creates a municipal matching grant program for traffic signal modernization.

- **Section 14** – Permits DEEP to create a voucher program for certain zero-emissions medium/heavy duty vehicles, and creates a "medium and heavy duty vehicle voucher account."

  New York's Truck Voucher Incentive Program[9] has been operational for several years now. It would be appropriate to begin enablement of a similar such program in Connecticut, particularly should the General Assembly also adopt HB-5039, *An Act Concerning Medium- and Heavy-Duty Vehicle Emission Standards.*

  Commercial vehicle fleets can take advantage of lower potential operational costs of using electric drivetrains compared to combustion engines. However the upfront capital cost of acquiring zero-emissions medium- and heavy-duty vehicles necessitates incentives and/or creative financing during the early deployment phase to jump-start the market.

- **Section 15** – Integrates SB-92 language to allow longer school board contracting lengths for zero-emissions transport services.

  The Green Bank's supportive testimony on SB-92 can be found here.

- **Sections 16-17** – Establish mandatory targets where school buses providing service must be zero-emissions by 2035 generally, and by 2030 in environmental justice communities electric by 2030. Creates a DEEP-administered grant program targeting federal match funds, funded through state bond authorizations.

  The provisions contained here may be hugely impactful toward the coordination and timely deployment of zero-emissions school bus fleets in Connecticut.[10] These proposals – including the early prioritization of environmental justice communities – should help Connecticut pre-stage its policy architecture to align with federal deployment priorities and funding opportunities.

  We believe DEEP is appropriately positioned to provide administrative and technical assistance to municipalities, school districts and school bus operators with regard to the proposed grant program. As a part of this program, DEEP may also be well-positioned as a convenor or participant for sharing best practices in facilitating the adoption of electric school buses. As

[9] https://www.nyserda.ny.gov/All-Programs/Truck-Voucher-Program
[10] See also the Green Bank's written testimony on SB-92 [link].

an example: DEEP might participate with other stakeholders in the development of model contract terms for school district use when bidding out service contracts, reconciling the proposed permissiveness in the language at Section 15 to the various considerations raised in testimony on SB-92.

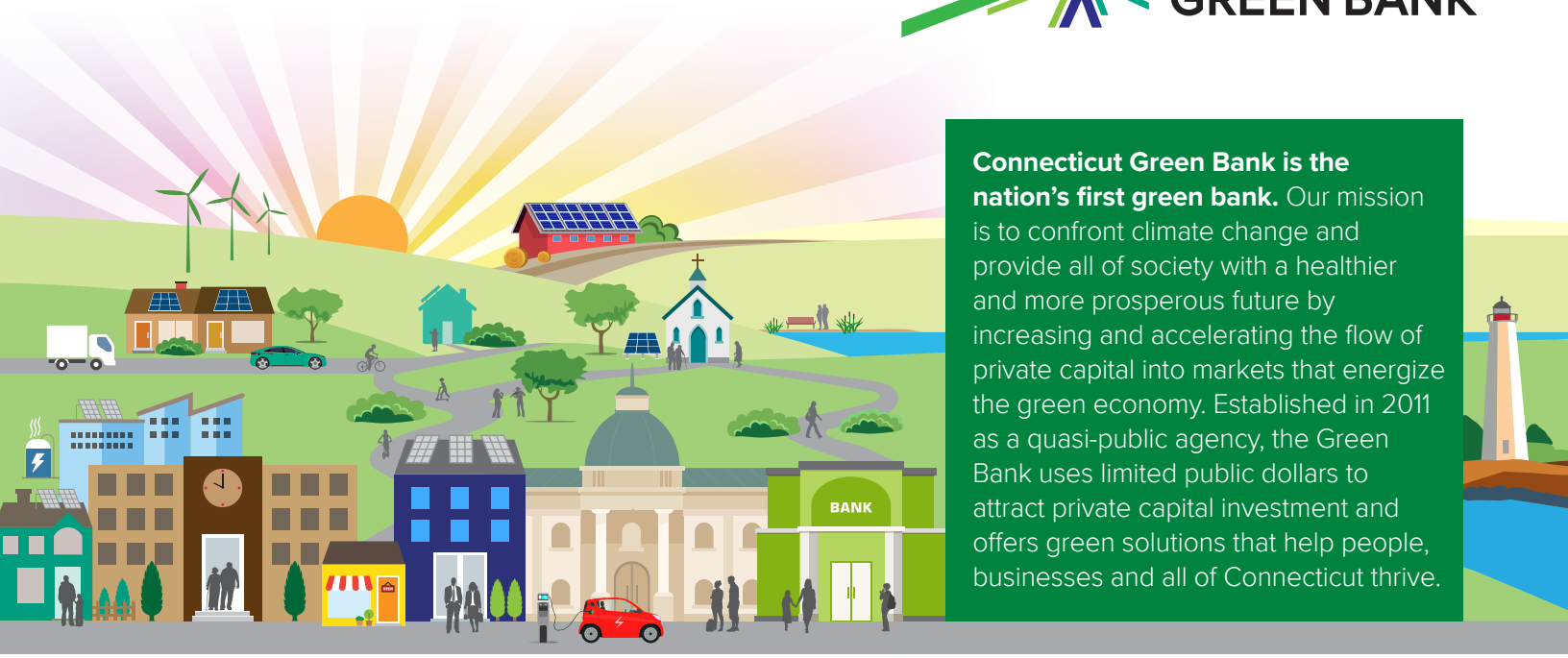
- **Section 18** - For DOT, municipalities and regional organizations undertaking "regionally significant projects," requires certain accounting and greenhouse gas offsetting practices.

  We interpret that line 795 intends to refer to "…subsection (e)…" rather than "…subsection (d)..." as written.

Please find attached to this testimony the Green Bank's Decennial Societal Impact Report.

Questions on this document may be submitted to Matt Macunas, Legislative Liaison and Associate Director of Regulatory Policy, reachable at matt.macunas@ctgreenbank.com or at (860) 257-2889.

CONNECTICUT GREEN BANK

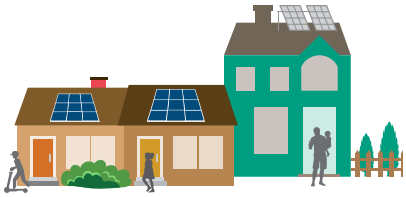


Connecticut Green Bank is the nation's first green bank. Our mission is to confront climate change and provide all of society with a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy. Established in 2011 as a quasi-public agency, the Green Bank uses limited public dollars to attract private capital investment and offers green solutions that help people, businesses and all of Connecticut thrive.

our solutions

The Green Bank is helping Connecticut flourish by offering green solutions for homes and buildings, and by creating innovative ways to invest in the green economy.

CONNECTICUT GREEN BANK HOME SOLUTIONS



homes

Empowering all Connecticut families and households with accessible and affordable green solutions that bring them comfort and security. Find incentives for battery storage or use the Green Bank's flexible financing to reduce costs with health and safety improvements and the newest energy efficient technologies.

CONNECTICUT GREEN BANK BUILDING SOLUTIONS

buildings

Creating stronger, more resilient communities with green solutions for buildings of all types, from businesses and nonprofits to multifamily housing and local government. Leverage Green Bank financing to save money and realize the benefits of more modern, sustainable buildings.

CONNECTICUT GREEN BANK INVESTMENT SOLUTIONS

investments

Securing a healthier planet with smart ways for individuals and businesses to invest in green solutions – and our future – while also earning a return. Energize the green economy by investing in it today. Buy a Green Liberty Bond, invest through a crowdfunding offering, or join the movement by finding other ways to invest.

Get Started. Call 860.563.0015 or visit ctgreenbank.com

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CONNECTICUT GREEN BANK

Decennial Societal Impact Report

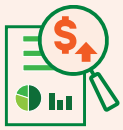
FY12 FY21

Since the Connecticut Green Bank's inception through the bipartisan legislation in July 2011, we have mobilized more than **$2.14 billion of investment** into the State's green economy. To do this, we used **$288.4 million** in Green Bank dollars to attract $1.85 billion in private investment, a leverage ratio of **$7.40 for every $1**. The impact of our deployment of renewable energy and energy efficiency to families, businesses, and our communities is shown in terms of economic development, environmental protection, equity, and energy (data from FY 2012 through FY 2021).

ECONOMIC DEVELOPMENT

JOBS The Green Bank has supported the creation of more than **25,612** direct, indirect, and induced job-years.

TAX REVENUES
The Green Bank's activities have helped generate an estimated **$107.4** million in state tax revenues.



$52.8 million individual income tax

$27.5 million corporate taxes

$27.1 million sales taxes

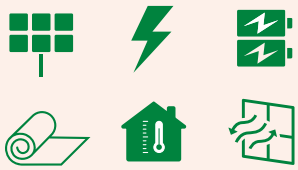
ENERGY

ENERGY BURDEN
The Green Bank has reduced the energy costs on families, businesses, and our communities.

57,000+ families

6,000+ businesses

DEPLOYMENT
The Green Bank has accelerated the growth of renewable energy to more than **494 MW** and lifetime savings of over **64.1 million MMBTUs** through energy efficiency projects.



ENVIRONMENTAL PROTECTION

POLLUTION The Green Bank has helped reduce air emissions that cause climate change and worsen public health, including **9.3** million pounds of SOx and **10.7** million pounds of NOx.

9.9 MILLION tons of CO_2 : EQUALS

163 MILLION tree seedlings grown for 10 years

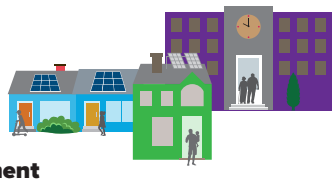
OR

2.1 MILLION passenger vehicles driven for one year

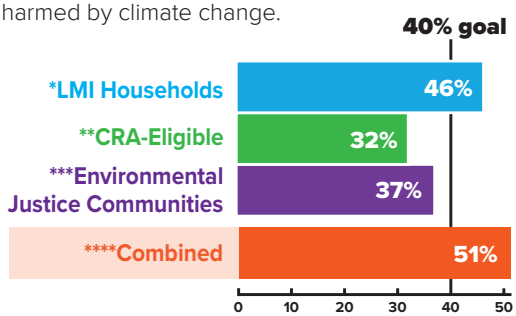
PUBLIC HEALTH The Green Bank has improved the lives of families, helping them avoid sick days, hospital visits, and even death.

$298.1 – $674.1 million of lifetime public health value created

EQUITY



INVESTING in vulnerable communities, The Green Bank has set **goals** to reach **40% investment** in communities that may be disproportionately harmed by climate change.



*LMI Households – households at or below 100% Area Median Income.

**Community Reinvestment Act (CRA) Eligible – households at or below 80% of Area Median Income and all projects in programs designed to assist LMI customers.

***Environmental Justice Community means a municipality that has been designated as distressed by Connecticut Department of Economic and Community Development (DECD) or a census block group for which 30% or more of the population have an income below 200% of the federal poverty level.

****Combined Vulnerable Communities include LMI, CRA and EJC.

Learn more by visiting ctgreenbank.com/strategy-impact/impact

Winner of the 2017 Harvard Kennedy School Ash Center Award for Innovation in American Government, the Connecticut Green Bank is the nation's first green bank.

Sources: Connecticut Green Bank Annual Comprehensive Financial Reports.